FARM BUSINESS MANAGEMENT

INFORMATION UPDATE

Manitoba Agriculture
Farm Management

Date November, 1985

GUIDELINES FOR ESTIMATING

HOG PRODUCTION COSTS

BASED ON

150 SOW FARROW TO WEANLING

This guide is designed to provide planning information and a format for calculating costs of production on a hog enterprise. The production costs included in this budget are not intended as a cost study of the hog industry in Manitoba.

The guideline can be useful for comparison purposes. Comparison of costs can be made with other farms; the farm over time; or comparing the plan at the beginning of the production period with the end.

The assumptions on which costs were calculated are clearly defined in the supporting pages. They were developed by using a combination of recommended practices and methods followed by a select group of producers. When interpreting these costs for an individual situation, adjustments may be required. Each assumption must be examined and adjustments made when necessary.

FARROW-WEANLING

150 SOW HERD*

		Per Weanling	Your Estimate	Per Sow	Your Estimate
A.	OPERATING COSTS				
	Feed Costs:				
	Sow Gestation	$ 4.57	$_____	$ 73.12	$_____
	Sow Lactation	2.50	_____	40.00	_____
	Boar Ration **	0.31	_____	4.96	_____
	Weanling Ration	5.45	_____	87.20	_____
	TOTAL FEED COST	$ 12.83	$_____	$ 205.28	$_____
	Vet., Medicine & Supplies	$ 1.37	$_____	$ 21.92	$_____
	Maintenance & Repairs	1.46	_____	23.36	_____
	Utilities	3.33	_____	53.28	_____
	Insurance	0.87	_____	13.92	_____
	Death Loss	0.40	_____	6.40	_____
	Replacement Cost	1.67	_____	26.72	_____
	Miscellaneous	2.00	_____	32.00	_____
	Interest on Operating	0.72	_____	11.52	_____
	TOTAL OPERATING COSTS	$ 24.65	$_____	$ 394.40	_____
B.	FIXED COSTS				
	(1) Depreciation				
	Buildings	$ 2.65	$_____	$ 42.40	$_____
	Equipment	5.11	_____	81.76	_____
	(2) Investment Cost (8%)				
	Buildings & Equipment	4.34	_____	69.44	_____
	Breeding Herd	1.39	_____	22.24	_____
	TOTAL FIXED COSTS	$ 13.49	$_____	$ 215.84	$_____
C.	LABOR				
	14.4 hrs/sow @ $9.50/hr	$ 8.55	$_____	$ 136.80	$_____
	TOTAL COST	$ 46.69	$_____	$ 747.04	$_____

* Assumed 16 pigs weaned per sow.

** Weanling ration includes creep and starter

FARROW-WEANLING

FEED REQUIREMENTS & COSTS

	kg	lbs.	Cost
SOW GESTATION - 12.5%			
309 days @ 2.0 kg/day	618	1360	$ 73.11
SOW LACTATION - 15%			
56 days @ 5.5 kg/day	308	678	$ 39.86
BOAR RATION - 12.5%			
365 days @ 2.3 kg/day	840	1848	$ 99.37
CREEP FEED RATION - 18%			
Birth to 10 kg	5	11	$ 1.92
STARTER RATION - 16%			
10 kg to 16 kg. Feed conversion 2.25	14	31	$ 3.53

FARROW-WEANLING

HOME PREPARED FEED RATIONS & COSTS

	kg	Costs
SOW GESTATION & BOARS - 13.5%		
Barley (11.4)	900	$ 87.30
Soybean Meal 44%	75	18.75
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$118.30/tonne
SOW LACTATION - 15.3%		
Barley (11.4)	700	$ 67.90
Wheat (12.0)	150	18.00
Soybean Meal 44%	125	31.25
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$129.40/tonne

FARROW-WEANLING

FEED COSTS

(November 1985)

GRAIN	
Wheat	$120.00/tonne
Barley	$ 97.00/tonne
COMPLETE FEEDS	
Creep 18%	$ 9.60/25 kg
Starter 16%	$ 6.30/25 kg
HOME PREPARED RATIONS	
Sow Gestation	$118.30/tonne
Sow Lactation	$129.40/tonne
SUPPLEMENTS	
Soybean Mean 44%	$250.00/tonne
Vitamin-Mineral Pre-Mix	$ 12.25/25 kg

FARROW-WEANLING

OPERATING COSTS

Vet., Medicine & Supplies

Drugs - erysipelas	(0.14))	
- iron	(0.05))	$0.87 per market hog
- others	(0.68))	

Veterinary Services & Supplies $1200.00

Maintenance & Repairs

Costs for maintenance and repairs were estimated from producer records ($3500.00).

Utilities

Utility costs were arrived at by a consensus among a select group of producers. It was assumed at $8000.00 per year.

Insurance

$0.80/$100 coverage for buildings and equipment	$1893.98
$0.45/$100 coverage for breeding stock	186.75
	$2080.73

Death Loss

Death loss was assumed to be 4% of 1/2% the weaner operating cost.

FARROW-WEANLING

OPERATING COSTS (Cont.)

Replacement Cost

Sow Replacement

1. 25% culling rate per year.
2. Cull sow weighing approximately 400 lbs.
3. Price of cull sow $0.42/lb. (liveweight)

Price of Sow = $250.00

Purchase of Replacement Per Sow = $62.50

Sale of Cull Per Sow = $42.00

Replacement Cost Per Sow = $20.50

Boar Replacement - (20 sows or gilts per boar)

1. 33.3% culling rate per year.
2. Cull boar weighing approximately 400 lbs.
3. Price of cull boar $0.35/lb. (liveweight).

Price of Boar = $500.00

Purchase of Replacement Per Boar = $166.50

Sale of Cull Per Boar = $46.62

Replacement Cost Per Boar = $119.88

Operating Interest

Applied to 1/2 of the operating costs with interest rate of 12% for 6 months.

FARROW-WEANLING

OPERATING COSTS (Cont.)

Depreciation

20 year straight line on the building.

7 year straight line on the equipment.

Salvage Value = 10% of Original Cost.

Building Depreciation

$$\frac{\$141,300 - \$14,130}{20} = \$6,358.50$$

$\$6,358.50 \div 2400 = \$2.65$/hog

Investment Cost

An average investment of 1/2 the capital costs at a rate of 8% was used for the buildings and equipment.

The breeding herd was taken at 8% of the total invested.

Building & Equipment Investment Cost

$$\frac{\$236,747 + \$23,674}{2} \times 0.08 = \$10,416.84$$

$\$10,416.84 \div 2400 = \$4.34$/hog

Labor

11.4 hours in caring for the sow
3.0 hours/sow caring for weanlings.

14.4 hours/sow or 0.90 hours/weanling

Labor requirements used were obtained from research data. Labor hours vary with the amount of mechanization. This budget assumes the following:

14.4 hours per sow are required in a farrow to weanling operation.
Hourly labor rate used was $9.50.

FARROW-WEANLING

CAPITAL COSTS
(Capacity 150 Sows)

		Cost
1)	BUILDING (8568 sq. ft.)	
	- gestation & farrowing - weanling - office, feedroom & utility	$141,300
2)	EQUIPMENT	
	- ventilation - heating equipment - feeding equipment - water supply - storage facilities	$ 95,447
	TOTAL BUILDING & EQUIPMENT	$236,747
3)	LIVESTOCK	
	- 150 sows @ $250.00 = $37,500 - 8 boars @ $500.00 = $ 4,000	$ 41,500
	TOTAL INVESTMENT	$278,247
	INVESTMENT PER SOW	$ 1,855

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